

Minutes of Employee Money Purchase Pension Plan (401a) and Deferred Compensation Plan (457b) Committee-Regular Meeting - January 15, 2015 7:00 pm

Attendees: Jeffrey Sarnocinski, Gregory Reiff, Shannon Drosnock, Thomas Schatzman, Ann Shade, James Kelly, Thomas Kowalski, John Malley, Lucy Gonzalez, Supervisor Liaison Jeffrey McDonnell

Unable to Attend: Michael Jenkins, Howard Haber, Meg Swiggard
The meeting was called to Order at 7:00 p.m.

Minutes from the July meeting were approved with a motion by Tom Kowalski with a second by Jim Kelly.

Investment portfolio report from Mr. Schatzman:

- Historic Development – Gasoline is having a HUGE impact on the economy – the drop in gasoline prices is the equivalent of a \$200 billion tax cut in terms of its effects on the citizens.
- Production growth in US for oil is 20+% - crippling the Russian economy causing there a true depression - 13% decrease in their economy.
- It is perfectly ok if the stocks are slightly underperforming given how crazy the market is going, as long as they are gaining and stable.
- Average – market trades 16 times earnings on average but almost never that on trade – usually way above or way below averaging 16
- It is expected that there will be some decrease in the market reflecting people pulling gains from their investments.
- Worst performance out of a recession that we've ever had – very low performance right now – relatively unprecedented.
- Rates aren't moving much at all – QE stopped and maybe the tiniest increase in rates by the Fed but nothing really to note.
- Rest of the world is starting to do what our fed did to help our economy.
- Last year was the single best year of stocks versus bonds since the 70's – people are rebalancing their portfolio and taking gains.
- EAFE index – Europe pretty low now, not back to pre-crisis rates – it is expected that the Central Bank will lower interest rates – it would generate 11% annual rate of return if the market just got back to break even.
- Valuation matters – Europe on a valuation basis is as cheap as it has been in 30 years – it is a good entry point into the European market for investors.
- Like US and like Europe – stay away from emerging markets.
- Need to do an RFP to do re-enrollment – typically about 50% of participants move to target date funds during re-enrollment.
- Blue-Chip funds bring value in US – where our participants need to be.
- Bond or fixed income and/or extended credit sector investors – traditionally these were options which were recommended; that is not the case now.
- Bond funds did well for bonds in the 4th quarter.
- Target Date funds, typically for the consumer who is unsure how to invest, are performing well.
- Tom reviewed the employee meeting held in October.
- We have gone 28 months without a 10% correction.

Ann Shade announced that Howard Haber has resigned as member to the Pension Plan Advisory Committee.

Tom Kowalski motioned to adjourn, John Malley seconded.
The meeting was adjourned at 7:34.

Police Pension Plan Committee

Called to order at 7:36

Jim Kelly motioned to approve minutes

Tom Kowalski seconded the motion.

MS is going to adjust the asset allocation and make it match the policy - page 4

Want to consider moving on from Lord Abbett – next time the Committee meets, Tom will bring us a recommendation for a new manager then we will gain consensus from committee, then take to the BOS for official approval

Vanguard – matched the market – don't be concerned by 1 QTR number as they had a big capital gain distribution.

Loomis – slightly underperformed.

Harbor – not doing well but over time does well – they aren't doing well right now because they don't like anything Japan is doing so they are missing that growth but overall, solid fund.

Cash inflows are perfectly matched with cash outflows right now which is very nice.

John Malley brought up the conversation about possibly removing a PIMCO fund on the 401a plan.

Tom K motion to adjourn John M seconded.

Meeting adjourned at 7:52 p.m.